葉氏化工
YIP'S CHEMICAL

Yip's Chemical Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 408)

ANNOUNCEMENT OF INTERIM RESULTS FOR SIX MONTHS ENDED 30 SEPTEMBER 2007

HIGHLIGHTS

1. Turnover was HK$ 2,350,385,000, increased by 14% compared to same period last year
2. Net profit attributable to equity holders was HK$155,383,000, an increase of 21%
3. Earnings per share was HK32.1 cents, increased by 19%
4. Net profit margin improved from 6.2% to 6.6%
5. Interim dividend was HK 10.0 cents per share, an increase of 25%
6. Gearing ratio as at 30 September 2007 was 10%, and the same period last year was 31%

BUSINESS REVIEW

During the period under review, the Group has been facing an operating environment presenting both challenges and opportunities. Early this year, a series of new measures taken by the Chinese Government restricting the majority of processing trade enterprises in Pearl River Delta, together with the unfortunate events in July and August regarding the recall of toys with excessive level of lead in their paints have put Hong Kong's export industries under tremendous pressure. In light of such business climate, the Group has adopted a more cautious approach in expanding our business in the related segments. Consequently, the Group's performance in these segments has only seen moderate growth.

During the same period of time, with crude oil prices continuously setting new heights, the prices of most raw materials have been on the rise. Under the intensely competitive market conditions, the rising raw materials prices have put the Group's overall businesses performance under pressure.

However, it is encouraging to note that the sustained rapid growth of China's domestic economy has continued to fuel domestic demand expansion. Accordingly, the Group's businesses which are targeted at domestic consumption and, which accounts for nearly 90% of the Group's turnover, performed better than our expectations, resulting in our competitive advantages associated with our economy of scale become even more pronounced. At the same time, the Group's efforts in optimizing product portfolio, controlling costs and managing cash flow has yielded fruitful results, which helped to offset the unrelenting upward pressure on raw material costs. During the period under review, the Group recorded a turnover of HK$2,350,385,000, representing a growth of 14%; while profit attributable to shareholders reached HK$155,383,000, a growth of 21%, while net profit margin attributable to equity holders of the Group has further improved from 6.2% to 6.6%. The Group's gearing ratio has further decreased to a low level of 10%, from 31% last year. The Board is pleased to announce an interim dividend of HK10.0 cents per share, an increase of 25% over the interim dividend of HK6.0 cents and special interim dividend of HK2.0 cents last year.

SOLVENTS

The solvents division experienced stable growth in the first half, with a turnover of HK$1,361,128,000, an increase of 15% over the same period last year. Limited by production capacity, the turnover volume for raw solvents remained relatively stable compared to last year, whereas the growth of mixed solvents has been encouraging. The solvents division recorded an operating profit of HK$135,479,000, representing a slight increase of 6% compared to the same period last year. The reasons for the growth rate of operating profit being less than that of turnover are twofold. 1.) In the first half of last year, raw solvents experienced a short-lived favourable operating environment caused by an imbalance between demand and supply. 2.) The prices of a variety of raw materials for mixed solvents have been rising throughout the period. Since mixed solvents are usually sold together with coatings, price increases often lag cost increases. On the whole, we remain positive about the performance in this core business.

In August this year, the Group successfully acquired Huizhou Shengda Chemical Co. Ltd. ("Shengda"), a company principally engaged in the raw solvent business in the region. The acquisition resulted in an immense breakthrough in solving our production capacity bottleneck. After some minor upgrading, the capacity of Shengda has been improved from the original 30,000 tons to 45,000 tons. The Group is also investigating a number of options to expand the production capacity of Shengda to 90,000 tons within this year. At the same time, the Group has initiated a project to optimize the original plant to add another 25,000 tons of capacity, and is expected to complete before the end of this year. If both of the above projects are completed successfully, the Group's overall production capacity of raw solvents will reach 340,000 tons next year, and the enhanced economies of scale will further ensure that the Group's competitive advantages will be maintained.

COATINGS

In the first half, the Group's coatings division recorded a turnover and operating profit of HK$869,673,000 and HK$70,298,000 respectively, representing an increase of 14% and 17% respectively compared to the same period last year. During this period, the coatings division in Pearl River Delta only enjoyed moderate growth because of the country's new policies regarding the processing industry, putting a large number of processing enterprises under pressure. Faced with a sustained uncertain operating environment, the Group pursued a more cautious attitude to business development and took a more prudent approach towards credit control. However, we are delighted that the sustained rapid growth of China's domestic economy, strong domestic demand, coupled with the Group's increased resource allocation in marketing and promotion has all contributed to a business performance which surpassed our expectations.

As to operating profit, the profit margin only registered a slight increase compared to last year, indicating that the efforts in cost reduction and enhancement in profit quality have almost been offset by the continuously soaring raw material prices. Accordingly, the growth of operating profit can largely be attributed to the increase in turnover.

Nevertheless, the Group has remained very positive about the prospects of the coatings business. The squeeze on profit margins in the short term and the time lag in passing cost increases to the market will eventually be turned around by the Group's perseverance in enhancing the overall competitiveness. However, the Group firmly believes that the impetus for growth in the coatings division remains the increasing overall market demand, together with our market share gain. To cater for the ongoing business development needs, the Group has started to embark on the expansion of the plants in Shanghai, Chengdu and Shantou a year ago, and these projects have now been completed. At the same time, progress in the construction of the new plant in Tungxiang, Zhejiang is on schedule and will commence production not later than October next year. These projects will provide adequate support for the development of the coatings division in the medium term.

LUBRICANTS

During the period under review, the lubricants business continued to operate under extremely turbulent market conditions. As the main raw material, base oils, are a refined oil product, it is heavily influenced by the price of crude oil. During the beginning of the period, the crude oil market had a brief respite of relative normalcy while the lubricants market became intensely competitive, with all marketers resorting to price-cutting and promotions to gain market share. However, as the period progressed, the crude oil market turned suddenly and once again scaled new heights. Against this market background, the lubricants division recorded a turnover of HK$119,065,000, an increase of 14% compared to the same period of last year, with a small operating profit of HK$1,560,000, compared to a loss of HK$1,864,000 in the same period of last year.

In the mean time, the restructuring effort in the Group's lubricants business continues. The product portfolio has turned from over 80% automotive lubricants three years ago to 74% industrial lubricants during the period, with a specialty lubricants accounting for over 50% of total lubricants sales.

The outlook for the business for the second half is still very daunting, with crude oil nearing the US$100 per barrel barrier. It is expected that the full effect of these unprecedented oil prices will be borne by the lubricants business in the second half, hence the lubricants division should continue to expect a very difficult period ahead. To overcome the challenges ahead, the Group will continue its restructuring efforts in lubricants, and will further exploit the synergistic opportunities between its two lubricants subsidiaries.

LOMON TITANIUM LIMITED ("Lomon")

The Group holds 8% of the unlisted company Lomon. Following last year's successful capacity expansion to 80,000 tons and thereby becoming the largest manufacturer of titanium dioxide in China, Lomon is planning to further expand to 200,000 tons within three years.

In June this year, Lomon has completed a restructuring of its shareholding base, and at the same time taken measures to reward its senior management with opportunities for share subscription. The Group acceded to the request of Lomon to sell 6,000,000 shares back to Lomon at RMB 2.97 each thus realizing a book profit of approximately RMB11 million. Accordingly, the Group's shareholding in Lomon has been reduced to 5%.

CORPORATE CITIZENSHIP / SOCIAL RESPONSIBILITY

The Group regards Corporate Citizenship as a long term, meaningful commitment. Apart from placing high importance on safe working practices and conditions, the Group is also dedicated to continuing its participation in projects relating to environmental protection in Hong Kong and education projects in China, and making it an enduring pursuit, aiming at continuous improvement in this regard.

The Group seeks to actively participate in social responsibility projects, especially on environmental protection schemes. The Group sponsored the "Tree Planting Challenge 2007", organized by the Friends of the Earth, a competition on planting in Hong Kong country park, and was met with enthusiasm from all levels of staff, who teamed up to work for a greener future.

LIQUIDITY AND FINANCIAL RESOURCES

Through the adoption of prudent financial management strategy over the years with particular emphasis on the control of accounts receivable and inventory levels, and increasing cash inflow from continuous profit growth, gearing ratio of the Group continued to improve. As at 30 September 2007, the Group's gearing ratio (as measured by net bank borrowings as a percentage of shareholders' equity) was 10%, a significant improvement over the same period last year at 31%.

As at 30 September 2007, the total gross bank borrowings of the Group was HK$629,942,000 (at 31 March 2007: HK$484,237,000). Out of this total bank borrowings, HK$486,091,000 was repayable within one year, of which HK$14,216,000 was denominated in Renminbi and HK$85,207,000 was denominated in US Dollar (at 31 March 2007: HK$428,601,000, of which HK$13,260,000 was denominated in Renminbi and Nil for US Dollar). Loans repayable after one year at 30 September 2007 was HK$143,851,000 (at 31 March 2007: HK$55,636,000). All these loans carried interest at floating rates.

During the period, the Group raised HK$170,000,000 floating rate term loans from 4 banks, which are repayable by quarterly repayments within 3 years. As at 30 September 2007, a total of 16 banks in Hong Kong, Macau and PRC granted banking facilities totaling HK$1,732,502,000 to the Group (at 31 March 2007: HK$1,446,560,000), 86% of these facilities were denominated in Hong Kong Dollar or US Dollar, while the rest in Renminbi. The Group's available banking facilities and its future cash flow from operations will provide sufficient funds to the Group to meet its present operational requirements as well as for the further development of its business in the foreseeable future.

On the back of China's trade surplus, the exchange rate of Renminbi has shown considerable strength in the past and inflation and interest rates have been increasing gradually. It is expected that this trend will continue in the near future. Since the majority of the Group's assets are located in the PRC, and most of its income is also generated in Renminbi, management considers that no hedging measures are necessary at this stage. The Group will continue to strive to strike a balance between lowering borrowing cost and minimizing currency exposure by funding it's investments through either Hong Kong Dollar, US Dollar or Renminbi bank loans.

EMPLOYEES

As at 30 September 2007, there were a total of 3,863 employees of which 155 were based in Hong Kong and 3,708 were based in other provinces in the PRC.

Employees receive competitive remuneration packages including salary, variable bonus that is linked to attainment of the Group and individual performance as well as share options. The remuneration and incentive systems are reviewed from time to time, as to ensure the employees obtain equitable and fair packages and the Group is able to attract and retain competent employees.

The Group pledges always to enable our employees to achieve continuous self-improvement. With the Trainee Program already in place for several years, top graduates from tertiary institutes in Hong Kong, China and overseas are recruited and trained to join management level or become technical experts, thereby sharpening the competitive edge of the Group in management and technology. The Group promotes lifelong learning. In-house and external training programs are offered to enrich the competencies of our employees. Moreover, the Group has an educational subsidy scheme to encourage employees to upgrade themselves both in their work and in personal development.

PROSPECTS

The Group anticipates that the operating environment will become even more uncertain in the second half of the year. The weakening US economy will inevitably have an adverse impact on the global economy. With crude oil prices continuing to stay at lofty heights, petrochemical-raw material prices will inevitably be volatile. Nevertheless, we expect that these negative factors will only have a relatively minor impact on the Group. On the other hand, the vibrant Chinese economy and strong domestic demand, together with the cumulative results of the Group's efforts over the years in enhancing the quality of its core businesses and raising the overall competitiveness, should lay the foundation for our steady, sustained and healthy growth. We therefore expect the Group's performance to continue to go from strength to strength.

In view of the underlying strength of the Group's core businesses, coupled with the very strong cash flow, the Group will, whilst ensuring that its existing businesses will continue to grow steadily, also endeavor to enhance growth by being more pro-active in exploring and pursuing merger and acquisition opportunities, always provided that the principles of prudency and synergy with our existing core businesses are observed.

On behalf of the Board, I would like to express my sincere gratitude to all the staff, customers, business partners and stakeholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the six months period ended 30 September 2007, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited save for the deviation from Code provision

A.2.1 on the roles of chairman and chief executive officer which should be separated and should not be performed by the same individual. In the opinion of the Board, the role of the chief executive officer is equivalent to that of the managing director in the Group and Mr. Ip. Chi Shing, Tony is now acting both as the Chairman of the Board and the Managing Director of the Company. Beginning on 1 April 2008, the Group will gradually implement a new group management structure in which the role of the chairman of the Board and the role of the chief executive officer of the Group's management committee will be separated and held by two individuals.

AUDIT COMMITTEE

The Audit Committee was formed in November 1998 and consists of a Non-Executive Director and three Independent Non-executive Directors, and is chaired by Mr. Wong Kong Chi. Major roles and functions of the Audit Committee include review of financial information of the Group, oversight of the Group's financial reporting system and internal control procedures and monitoring of the relationship between the Group and its external auditors.

An audit committee meeting was held on 29 November 2007 to review the Group's unaudited interim financial statements for the six months ended 30 September 2007. Deloitte Touche Tohmatsu, the Group's external auditors, have carried out a review of the Group's unaudited interim financial information for the six months ended 30 September 2007, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as its own code of conduct regarding Directors' securities transactions. After making specific enquiry, all Directors have confirmed that they have fully complied with the required standard as set out in the Model Code during the six months ended 30 September 2007.

UNAUDITED INTERIM RESULTS

The Board of Directors of Yip's Chemical Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2007, together with comparative figures for the corresponding period of last year. The interim financial report has not been audited, but has been reviewed by the Company's auditors and audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	**Six months ended 30 September** **2007** **(Unaudited)** **HK$'000**	2006 (Unaudited) HK$'000
Turnover	3	**2,350,385**	2,061,761
Cost of sales		**(1,903,467)**	(1,622,738)
Gross profit		**446,918**	439,023
Other income		**43,107**	10,659
Selling and distribution expenses		**(65,070)**	(58,999)
Administrative expenses		**(201,613)**	(199,584)
Profit from operations	3 & 4	**223,342**	191,099
Interest expense		**(12,271)**	(13,312)
Profit before taxation		**211,071**	177,787
Taxation	5	**(30,830)**	(28,383)
Profit for the period		**180,241**	149,404
Attributable to:			
Equity holders of the Company		**155,383**	128,397
Minority interests		**24,858**	21,007
		180,241	149,404
Earnings per share	7		
- Basic		**HK 32.1 cents**	HK 26.9 cents
- Diluted		**HK 31.6 cents**	HK 26.6 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	At 30 September 2007 (Unaudited) HK$'000	At 31 March 2007 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**544,031**	516,368
Prepaid lease payments		**84,450**	75,728
Goodwill		**70,820**	30,491
Intangible assets		**10,880**	1,000
Available-for-sale investment		**11,317**	17,653
Deposit paid for acquisition of property, plant and equipment		**10,693**	17,774
Other non-current assets		**4,600**	4,600
		736,791	663,614
Current assets			
Inventories		**413,469**	417,767
Trade debtors	8	**989,009**	751,288
Other debtors and prepayments		**120,330**	99,762
Prepaid lease payments		**2,584**	2,212
Derivative financial instruments		**-**	4
Short-term bank deposits		**202,777**	94,481
Bank balances and cash		**298,179**	234,077
		2,026,348	1,599,591
Current liabilities			
Creditors and accrued charges	9	**664,418**	487,226
Taxation payable		**60,078**	56,163
Bank borrowings - amount due within one year		**485,633**	428,508
Derivative financial instruments		**262**	-
Bank overdrafts		**458**	93
		1,210,849	971,990
Net current assets		**815,499**	627,601
Total assets less current liabilities		**1,552,290**	1,291,215
Non-current liabilities			
Bank borrowings - amount due after one year		**143,851**	55,636
Deferred taxation liabilities		**5,686**	1,892
		149,537	57,528
		1,402,753	1,233,687
Capital and reserves			
Share capital		**48,632**	48,164
Reserves		**1,203,644**	1,055,644
Equity attributable to equity holders of the Company		**1,252,276**	1,103,808
Minority interests		**150,477**	129,879
		1,402,753	1,233,687

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007.

In the current interim period, the Group has applied, for the first time, a new Hong Kong Financial Reporting Standard ("HKFRS"), amendment of Hong Kong Accounting Standard ("HKAS') and Interpretations ("INT"s) (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 April 2007. The adoption of these new HKFRSs has had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing costs[1]
HKFRS 8	Operating segments[1]
HK(IFRIC)* - INT 12	Service concession arrangements[2]
HK(IFRIC) - INT 13	Customer loyalty programmes[3]
HK(IFRIC) - INT 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction[2]

[1] Effective for annual periods beginning on or after 1 January 2009.
[2] Effective for annual periods beginning on or after 1 January 2008.
[3] Effective for annual periods beginning on or after 1 July 2008.

* IFRIC represents the International Financial Reporting Interpretations Committee.

The directors of the Company anticipate the application of these new and revised standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

(a) Business segments

For management purposes, the Group's operations are currently classified under three business segments, namely solvents, coatings and lubricants. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Solvents - manufacture of and trading in solvents and related products
Coatings - manufacture of and trading in coatings and related products
Lubricants - manufacture of and trading in lubricants products

(i) An analysis of the Group's turnover and results by business segments is as follows:

	Solvents HK$'000	Coatings HK$'000	Lubricants HK$'000	Others HK$'000	Elimination HK$'000	Consolidated HK$'000
Six months ended 30 September 2007						
Segment revenue						
External sales	**1,327,298**	**844,204**	**118,826**	**60,057**	**-**	**2,350,385**
Inter-segment sales	**33,830**	**25,469**	**239**	**66**	**(59,604)**	**-**
Total	**1,361,128**	**869,673**	**119,065**	**60,123**	**(59,604)**	**2,350,385**
Results						
Segment result	**135,479**	**70,298**	**1,560**	**6,053**	**(380)**	**213,010**
Interest income						**3,668**
Gain on disposal of available-for-sale investment						**11,591**
Unallocated corporate expenses						**(4,927)**
Profit from operations						**223,342**
Interest expense						**(12,271)**
Profit before taxation						**211,071**
Taxation						**(30,830)**
Profit for the period						**180,241**

	Solvents HK$'000	Coatings HK$'000	Lubricants HK$'000	Others HK$'000	Elimination HK$'000	Consolidated HK$'000
Six months ended 30 September 2006						
Segment revenue						
External sales	1,158,298	738,205	103,808	61,450	-	2,061,761
Inter-segment sales	24,727	22,978	423	3,635	(51,763)	-
Total	1,183,025	761,183	104,231	65,085	(51,763)	2,061,761
Results						
Segment result	127,479	59,990	(1,864)	6,901	177	192,683
Interest income						2,042
Unallocated corporate expenses						(3,626)
Profit from operations						191,099
Interest expense						(13,312)
Profit before taxation						177,787
Taxation						(28,383)
Profit for the period						149,404

Inter-segment sales are charged at the similar terms as outsiders.

(ii) Other information

	Solvents HK$'000	Coatings HK$'000	Lubricants HK$'000	Others HK$'000	Corporate level HK$'000	Consolidated HK$'000
Six months ended 30 September 2007						
Capital additions	**19,030**	**20,323**	**1,397**	**-**	**303**	**41,053**
Depreciation and amortisaton of property, plant and equipment	**7,269**	**13,485**	**2,123**	**-**	**780**	**23,657**
Release of prepaid lease payments	**216**	**754**	**-**	**-**	**166**	**1,136**
Amortisation of intangible assets	**197**	**534**	**-**	**-**	**-**	**731**

	Solvents HK$'000	Coatings HK$'000	Lubricants HK$'000	Others HK$'000	Corporate level HK$'000	Consolidated HK$'000
Six months ended 30 September 2006						
Capital additions	7,498	38,611	2,005	-	861	48,975
Depreciation and amortisaton of property, plant and equipment	5,890	10,566	1,320	52	816	18,644
Release of prepaid lease payments	175	734	-	-	167	1,076
Impairment losses of property, plant and equipment	14	180	-	-	-	194
Amortisation of intangible asset	-	500	-	-	-	500

(b) Geographical segments

As the Group's turnover and trading results are principally derived from Mainland China, an analysis of the consolidated turnover and trading results by geographical location is not presented.

4. PROFIT FROM OPERATIONS

	Six months ended 30 September	
	2007	2006
	HK$'000	HK$'000
Profit from operations has been arrived at after charging:		
Amortisation of intangible assets	**731**	500
Depreciation and amortisation of property, plant and equipment	**23,657**	18,644
Impairment losses of property, plant and equipment	**-**	194
Release of prepaid lease payments	**1,136**	1,076
and after crediting:		
Gain on disposal of available-for-sale investment	**11,591**	-
Interest income	**3,668**	2,042

5. TAXATION

	Six months ended 30 September	
	2007	2006
	HK$'000	HK$'000
The charge comprises:		
Current tax		
Hong Kong	**2,342**	2,909
Mainland China	**28,780**	25,396
	31,122	28,305
Deferred taxation		
Hong Kong	**(292)**	78
	30,830	28,383

Hong Kong Profits Tax has been provided at the rate of 17.5% (17.5% for the six months ended 30 September 2006) on the estimated assessable profit for the period. Enterprise income tax in Mainland China has been provided at the rates prevailing in the respective jurisdictions.

Pursuant to the relevant laws and regulations in Mainland China, certain of the Company's subsidiaries in Mainland China are entitled to exemption from enterprise income tax of Mainland China for the first two years commencing from their first profit-making year of operations and thereafter, these subsidiaries in Mainland China will be entitled to a 50% relief from enterprise income tax of Mainland China for the following three years. Enterprise income tax of Mainland China has been provided for after taking these tax incentives into account.

On 16 March 2007, Mainland China promulgated the Law of Mainland China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of Mainland China which will take effect on 1 January 2008. The New Law will impose a single income tax rate of 25% for both domestic and foreign invested enterprises. However, the detailed implementation rules regarding the New Law have yet to be made public. Currently, the Group applied tax rates prevailing in the relevant jurisdictions. The New Law has provided a 5-year transitional period for those entities that applied foreign invested enterprises tax laws in previous years. As there are still no detailed implementation rulings released, the Group will continue to assess the impact of such new law.

6. DIVIDENDS

During the period, a final dividend of HK 12.0 cents per share in respect of the year ended 31 March 2007 amounting to HK$58,343,000 was paid (six months ended 30 September 2006: HK9.0 cents per share was paid for the year ended 31 March 2006 amounting to HK$43,202,000).

Subsequent to 30 September 2007, the directors resolved to declare an interim dividend of HK10.0 cents per share for the six months ended 30 September 2007 (six months ended 30 September 2006: HK6.0 cents per share). No special interim dividend (six months ended 30 September 2006: HK2.0 cents per share) is declared for the six months ended 30 September 2007. The interim dividend is payable on 7 January 2008 to the shareholders of the Company whose names appear on the Company's register of members on 24 December 2007.

7. **EARNINGS PER SHARE**

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 September	
	2007	2006
	HK$'000	HK$'000
Earnings for the purposes of calculating basic and diluted earnings per share	**155,383**	128,397

	Number of shares	
	'000	'000
Weighted average number of shares for the purpose of calculating basic earnings per share	**484,256**	478,021
Effect of dilutive potential ordinary shares: Share options	**7,122**	4,858
Weighted average number of shares for the purpose of calculating diluted earnings per share	**491,378**	482,879

8. **TRADE DEBTORS**

An aged analysis of trade debtors at the balance sheet date is as follows:

	At 30 September 2007 HK$'000	At 31 March 2007 HK$'000
0 - 3 months	**848,879**	587,061
4 - 6 months	**127,574**	135,082
Over 6 months	**12,556**	29,145
	989,009	751,288

The Group generally allows a credit period ranging from 30 to 90 days to its trade customers.

9. **CREDITORS AND ACCRUED CHARGES**

At the balance sheet date, the balance of creditors and accrued charges included trade creditors of HK$435,625,000 (31 March 2007: HK$309,674,000). The aged analysis of trade creditors at the balance sheet date is as follows:

	At 30 September 2007 HK$'000	At 31 March 2007 HK$'000
0 - 3 months	**433,348**	305,584
4 - 6 months	**2,069**	3,579
Over 6 months	**208**	511
	435,625	309,674

10. **ACQUISITION OF SUBSIDIARIES**

On 1 August 2007, Jiangmen Handsome Chemical Development Ltd. and Yip's Industrial Holdings Limited, both of which are indirect 75% interest owned subsidiaries of the Company, acquired the entire equity interest of 惠州盛達化工有限公司 ("惠州盛達"), a sino-foreign equity joint venture company with limited liability established in Mainland China. 惠州盛達 is primarily engaged in the manufacture of and trading in butyl acetate (being a solvent used in the wood coating and other coating industries) in Mainland China. The purchase consideration for the entire equity interest in 惠州盛達 was RMB55,568,000 (equivalent to approximately HK$57,180,000). This acquisition has been accounted for using the purchase method.

	Acquiree's carrying amount before acquisition	Fair value adjustments	Fair value
	HK$'000	HK$'000	HK$'000
Net assets acquired:			
Property, plant and equipment	4,066	4,278	8,344
Prepaid lease payments	200	2,320	2,520
Intangible assets	-	9,745	9,745
Bank balances and cash	328	-	328
Deferred taxation liabilities	-	(4,086)	(4,086)
	4,594	12,257	16,851
Goodwill			40,329
Total consideration			57,180
Satisfied by:			
Cash			54,094
Consideration payable			3,086
			57,180
Net cash outflow arising on acquisition			
Cash consideration			(54,094)
Cash and cash equivalents acquired			328
			(53,766)

The goodwill on acquisition represents the value obtainable from synergies with the Group on the economy of scale of manufacture of and trading in acetate products and centralising the Group's sourcing network.

惠州盛達 contributed a loss of HK$24,000 for the period from the date of acquisition to the balance sheet date.

If the above acquisition had been completed on 1 April 2007, total group turnover for the period ended 30 September 2007 would have been HK$2,370,346,000 and profit for the period ended 30 September 2007 would have been HK$180,193,000. The proforma information is for illustrative purpose only and is not necessarily an indication of turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2007, nor it intended to be a projection of future results.

The fair value of the intangible assets acquired, which relates to the non-competition covenant given by the vendors and their respective ultimate shareholders for not establishing, directly or indirectly, within Mainland China any enterprise to produce or trade acetate products for a period ranging from five to ten years after the acquisition, has been dertermined by reference to professional valuations.

INTERIM DIVIDEND

The directors have declared an interim dividend of HK10.0 cents per share for the six months ended 30 September 2007 (six months ended 30 September 2006 : HK6.0 cents per share). No special interim dividend (six months ended 30 September 2006: HK2.0 cents per share) is declared for the six months ended 30 September 2007. The interim dividend is payable on 7 January 2008 to shareholders whose names appear on the Register of Members of the Company on 24 December 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 21 December 2007 to 24 December 2007 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, should be lodged with the Company's Share Registrars in Hong Kong, Tricor Secretaries Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00p.m. on 20 December 2007.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the HKEx website (http://www.hkex.com.hk) and the Company's website (http://www.yipschemical.com). The 2007-08 interim report containing all the information required by the Rules Governing the Listing of Securities on The Stock Exchange will be published on the HKEx website and the Company's website in due course.

By Order of the Board
Ip Chi Shing, Tony
Chairman

Hong Kong, 6 December 2007

As at the date of announcement, Mr. Ip Chi Shing, Tony, Ms. Ip Fung Kuen, Mr. Yip Tsz Hin, Stephen, Mr. Ng Siu Ping, George, Mr. Ting Hon Yam, Mr. Wong Kam Yim, Kenny and Mr. Young Man Kim, Robert are executive directors of the Company, Mr. Tong Wui Tung, Ronald is a non-executive director of the Company and Mr. Wong Kong Chi, Mr. Au-Yeung Tsan Pong, Davie and Mr. Li Chak Man, Chuck are independent non-executive directors of the Company.